



Order Filed on June 15, 2022
by Clerk
U.S. Bankruptcy Court
District of New Jersey

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In Re:

**RUDOLF H. HENDEL and
CATHERINE G. LIN-HENDEL,**
Debtors.

Chapter 11

Case No.: 21-18847

Hearing Dates: May 3, 2022 and
June 14, 2022

Judge: John K. Sherwood

**ORDER RE: DEBTORS' MOTION FOR PAYOFF QUOTES FROM MORTGAGE
HOLDERS SO THEY CAN OBTAIN POSTPETITION FINANCING**

The relief set forth on the following]

DATED: June 15, 2022

A handwritten signature in black ink, appearing to read "JK Sherwood".

Honorable John K. Sherwood
United States Bankruptcy Court

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Debtor: Rudolf H. Hendel and Catherine G. Lin-Hendel

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Caption of Order: **ORDER RE: DEBTORS' MOTION FOR PAYOFF QUOTES FROM MORTGAGE HOLDERS SO THEY CAN OBTAIN POSTPETITION FINANCING**

WHEREAS:

- A. Wilmington Trust, National Association, not in its individual capacity, but solely as trustee for MFRA Trust 2014-2 (the “Wilmington Trust”) has a mortgage on property owned by Rudolf H. Hendel and Catherine G. Lin-Hendel, pro se (the “Debtors”) at 26 Ridge Road, Summit, New Jersey 07901 (the “Property”). The mortgage secures a note in the original amount of \$1,500,000.
- B. MEB Loan Trust IV (“MEB”) also has a mortgage on the Property as security for a loan to the Debtors in the original amount of \$500,000.
- C. The Debtors filed a motion seeking entry of an order compelling Wilmington Trust and MEB to issue an honest and fair payoff quote to the Debtors (the “Motion”) [ECF No. 52].
- D. Following the hearing on May 3, 2022, the Court entered an order compelling Wilmington Trust and MEB to file supplemental papers with detailed payoff statements by May 17, 2022 [ECF No. 76],
- E. On May 17, 2022, both Wilmington Trust and MEB filed supplemental papers with itemized payoff statements in compliance with the Court’s order [ECF No. 69, 70].
- F. The Debtors dispute the validity of the \$67,990.64 portion of Wilmington Trust’s claim comprised of “corporate advances,” including post-foreclosure-judgment attorney fees and other costs.
- G. The Court will treat the Motion as a motion to obtain postpetition credit because the Debtors are pro se and, in their Motion and Chapter 11 Plan [ECF No. 48], express their intent to refinance their obligations to Wilmington Trust and MEB. The Debtors included a letter from Advisors Mortgage Group, LLC indicating that the Debtors were preliminarily approved for a reverse mortgage loan [ECF Nos. 52-6, 52-7]. The Debtors also represented in a letter to the Court [ECF No. 76] that the reverse mortgage loan was approved and ready to close.
- H. The Court considered Debtors’ papers [ECF Nos. 52, 55, 57, 59, 60, 65, 68, 72, 73, and 76], the secured creditors’ papers [ECF Nos. 56, 62, 69, and 70], and the arguments of the parties and counsel at the hearings on May 3, 2022 and June 14, 2022.

THEREFORE, IT IS ORDERED:

1. The Debtors are authorized to borrow \$2,165,491.86 from Advisors Mortgage Group, LLC (or its successors or assigns) to refinance their obligations to Wilmington Trust and MEB by a reverse mortgage transaction.

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2. The Court reserves decision on whether Wilmington Trust is entitled to post-judgment "corporate advances" in the amount of \$67,990.64. Post-closing, Friedman Vartolo LLP (counsel for Wilmington Trust) shall hold the disputed amount (\$67,990.64) in escrow in its attorney trust account pending further order of the Court. Concerning the disputed portion of Wilmington Trust's claim, Wilmington Trust shall file a supplemental brief addressing the issues raised on the record on June 14, 2022, within ten (10) days of the loan closing. The Debtors will have ten (10) days to respond to Wilmington Trust's submission and the Court will decide the matter on the papers.
3. Thus, Wilmington Trust is owed between \$1,559,989.01 and \$1,627,979.65 (as of May 11, 2022), less any additional credits the Debtors are entitled to on account of future adequate protection payments or past adequate protection payments that the Debtors made but have not been given credit for. The Debtors and Wilmington Trust shall meet and confer regarding the appropriate credits for adequate protection payments. If the parties cannot agree on the appropriate credits, they should contact the Court to establish a process to resolve the dispute.
4. MEB is owed \$537,512.21 (as of May 16, 2022), less any additional credits the Debtors are entitled to on account of adequate protection payments. MEB and the Debtors should follow the same process with respect to the adequate protection payments described above.
5. All pending motions are adjourned to July 19, 2022, at 10:00 AM. On this date, the parties shall report on the status of the closing of the proposed reverse mortgage loan. The Debtors are required to continue making adequate protection payments to Wilmington Trust and MEB until the closing of the reverse mortgage transaction.